

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Vinton Philip & Judith Ann Watson,
Appellants,

v.

Warren County Board of Review,
Appellee.

ORDER

Docket No. 13-91-0103
Parcel No. 48-420-00-0095

On January 6, 2014, the above-captioned appeal came on for hearing before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) (2013) and Iowa Administrative Code rules 701-71.21(1) et al. Appellants Vinton Philip and Judith Ann Watson were self-represented. Assistant County Attorney Carla Fultz is counsel for the Board of Review. County Assessor Brian Arnold represented it at hearing. Both parties submitted evidence. The Appeal Board having reviewed the entire record, heard the testimony, and being fully advised, finds:

Findings of Fact

Vinton Philip and Judith Ann Watson are the owners of property located in Indianola, Iowa. The real estate is a 1.890 acre parcel of unimproved residential land valued at \$42,900 for the January 1, 2013, assessment.

The Watsons appealed the assessment to the Warren County Board of Review on the grounds that the property was assessed for more than the value authorized by law and that there was an error in the assessment under Iowa Code sections 441.37(1)(a)(2) and (4). Their error claim was essentially an over assessment claim. They asserted \$3200 was the fair market value of the parcel. The Board of Review denied the protest.

The Watsons then appealed to this Board reasserting their claims.

The Watsons contend the site valuation method used to assess their property violates Iowa law. Specifically, they contend a “site and excess” valuation method is not an approved method of valuation. They also contend it was impermissible for their parcels to be combined for assessment purposes. They assert the property should be valued at \$3200, as this was its previous assessment.

In order to understand the assessment of the subject property, it is necessary explain the ownership of two contiguous parcels and their assessment history. The Watsons own three contiguous parcels, one of which is the subject property. A dwelling is located on improved parcel 48-420-00-0090. This parcel has frontage on South Kenwood Boulevard, and is situated directly east of the subject property. Parcel 48-420-00-0105 is another unimproved parcel, contiguous to the subject parcel to the north. The 2012 assessment and 2013 assessments for the subject parcels are set forth below.

Parcel	Acres	2012 Land AV	2013 Land AV
48-420-00-0090 (improved parcel)	0.512	\$ 24,000	\$ 900
48-420-00-0095 (subject unimproved parcel)	1.891	\$ 3,200	\$ 42,900
48-420-00-0105 (unimproved parcel)	1.206	\$ 2,400	\$ 1,900
Total	3.609	\$ 29,600	\$ 44,800

As the chart shows, the subject parcel’s assessment substantially increased from the previous assessment, whereas the other two parcels had decreases in assessment. All of the parcels were given a 25% obsolescence factor for the 2013 assessment because they are residential acreages within city limits.

Arnold testified he valued Watsons’ land using a site-and-excess-land method, which he contends is widely used. He referred to the site method listed in the IOWA REAL PROPERTY APPRAISAL MANUAL (2008) 2-6. In Arnold’s opinion, the site method is the best method to use for valuing residential acreages. “The site method is used when the marketplace does not indicate a significant

difference in lot value even when there is a difference in the lot size. This method is becoming more prevalent. It is typically utilized in residential subdivisions.” MANUAL 2-6. Arnold testified reviewing sales of in-town and out-of-town acreages indicates that there is often little difference between the value of a 7-acre site and a 9-acre site. Arnold believes buyers do not pay by the acre for residential acreages; instead, they pay for a home site irrespective of the actual acreage. As an example, the tiered method of unit pricing for rural residential properties in Warren County is set forth in Exhibit D. Since the Watsons’ property is in town, Arnold stated a similar pricing model was used, but it was not provided.

It appears Arnold has considered the common ownership of all three parcels when assessing them, but has not combined them into one assessment parcel. Further, he assigned the first acre value to the subject parcel even though it is not the improved parcel. He then distributed excess land values between all three parcels. It is not clear how Arnold valued the excess acres.

Conclusion of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. This Board is an agency and the provisions of the Administrative Procedure Act apply. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review, but considers only those grounds presented to or considered by the Board of Review. §§ 441.37A(3)(a); 441.37A(1)(b). New or additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct.

§ 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2). The property's assessed value shall be one hundred percent of its actual value. § 441.21(1)(a).

In an appeal alleging the property is assessed for more than the value authorized by law under section 441.37(1)(a)(2), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

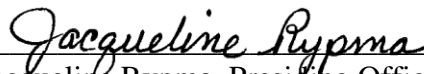
In this case, the allocation of value between the three parcels is nonsensical, and the Watsons' claim the subject property is over assessed appears reasonable on its face. For the lowest unit price and value (\$900) to be on the improved parcel, and the highest unit price and value to be placed on the unimproved parcel defies logic. Logic dictates that an improved parcel carries the value as compared to unimproved contiguous land with common ownership. Although logic suggests the subject property's assessment is excessive, that alone is insufficient to prevail on an over-assessment claim. *Boekeloo* also requires proof of the property's correct fair market value, and the Watsons did not provide any evidence of its correct fair market value such as an appraisal, comparable sales data, or a comprehensive market analysis. Without evidence reflecting the parcel's correct fair market value, the Watsons failed to satisfy the necessary elements to show their property is over-assessed.

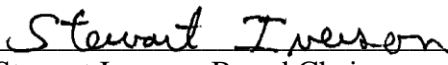
While this Board only has jurisdiction to consider the parcel the Watsons' appealed and our decision rests on the Watsons failure to prove that parcel's correct fair market value, we note that a modification of the subject parcel's assessment to the requested \$3200 would mean the entirety of the Watsons' 3.609 acre property would have an assessed land value of \$6000. Such a valuation may create inequity between similarly situated properties. *Maxwell v. Shivers*, 133 N.W.2d 709, 711 (Iowa 1959).

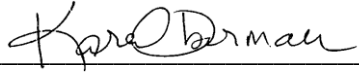
Nonetheless, it would be prudent for the Assessor and/or Board of Review to revisit this valuation in the next assessment cycle. First, an assessor has the authority to combine parcels for assessment purposes, but it was not done in this case. Iowa Code section 428.7 states, "[D]escriptions may be combined for assessment purposes to allow the assessor to value the property as a unit." *Sevde v. Bd. of Review of Ames*, 434 N.W.2d 878, 880 (Iowa 1989) (stating that "the assessor [has] some discretion to aggregate separately described tracts for valuation purposes."). If this property is acting as a unit, it may be prudent to assess it as such. Second, even if the parcels are not combined for assessment purposes, it is clear the allocation of value does not reflect that improved parcels have more value than unimproved land.

The APPEAL BOARD ORDERS the January 1, 2013, assessment of the property owned by Vinton Philip and Judith Ann Watson located in Warren County, Iowa, as set by the Warren County Board of Review, is affirmed.

Dated this 14th day of February 2014.


Jacqueline Rypma, Presiding Officer


Stewart Iverson, Board Chair


Karen Oberman, Board Member

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